

The Georgia Dream Program?





30 year first mortgage loans @ low fixed rates



Down payment assistance loans \$5,000 -\$20,000 @No monthly payments @No interest



Home buyer education & counseling

Tools Required?



- Georgia Dream Brochure
- Updated Georgia Dream Seller Guide
- Checklists and Forms
- Lender On Line and a Password

Georgia Dream Brochure



First Mortgage Guidelines



You and your company approve the borrower for a:

Conventional FHA VA USDA

First Mortgage Loan

Who Qualifies?

Georgia Dream First Mortgage loans are funded by State Bonds and therefore must follow IRS and other Federal guidelines in regard to first time home buyer status, household income limits and purchase price.

Qualifications



Borrowers who are first time homebuyers

Or - who have not owned a home in the past 3 years

Or - who purchase a home in a targeted area (Targeted areas are listed in our brochure and sometimes include additional counties designated as disaster areas)

Borrowers with household income less than:

1 to 2

3 or more

\$61,000 Statewide

\$70,000

Atlanta MSA \$71,000

Who purchase a home with a sales price up to:

Statewide \$200,000 Atlanta Area \$250,000

Additional Qualifications



Borrowers with limited assets:

The greater of \$20,000 or 20% of the purchase price (Seller guide 304.7)

Borrowers with credit scores no less than: 620for FHA/VA/USDA-RD 660 for Conventionally Insured

Borrowers with debt to income ratios no greater than 40/45

Georgia Dream "PLUS"

- For a limited time borrowers who meet the guidelines for a Georgia Dream First Mortgage loan also qualify for down payment assistance in the amount of \$5,000.
- The Borrower must contribute \$1,000 to the purchase transaction
- The minimum credit score can be no less than 660

DISASTER AREAS 2009 Eligible for Georgia Dream "PLUS"

Due to the recent storms 21 additional counties have been designated as Federal Disaster Areas which qualifies them for Targeted Area status and exceptions to some Federal program guidelines for a limited period of time.

- Home Buyers are NOT required to be First Time Home Buyers

In these counties:
Catoosa, Chattooga, Crawford, Dooly, Houston, Peach, Stephens, Taylor and Walker
Borrowers may purchase a home with a sales price up to \$250,000
Household incomes are increased to:

1 to 2 persons-\$73,000 3 or more persons - \$85,000

In these counties: Carroll, Cherokee, Cobb, Dawson, Dekalb, Douglas, Fulton, Gwinnett, Heard, Newton, Paulding and Rockdale

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Borrowers may purchase a home with a sales price up to \$300,000

Household Incomes are increased to:

1 to 2 persons-\$73,000

3 or more persons - \$85,000

Second Mortgage Program



Subordinate financing for the payment of closing costs and pre-paid items and the reduction of the 1st mortgage



\$5,000 - \$20,000



No monthly payments



0% Interest

Repaid when the home is sold, refinanced or no longer used as the borrower's personal residence.

Funding Sources for Georgia Dream Down Payment Assistance

The Georgia Dream Down Payment Assistance Program is funded by HUD with HOME funds.

Therefore borrowers must meet first time homebuyer, and household income limits as per HOME guidelines.



Who Qualifies?



- Borrowers who are first time homebuyers
- In Targeted Areas- first time homebuyers or borrowers who are:

Single parent families Borrowers in dilapidated housing

- Borrowers who meet income guidelines
 - Income Limits in the brochure & Appendix VII

■ Borrowers who meet asset guidelines
No more than \$5,000 in Cash Assets at/after closing

Additional Second Mortgage Requirements



- Must be used in conjunction with a Georgia Dream First Mortgage loan
- Buyers must contribute \$500 to the transaction
- Borrower must complete Home Buyer Education

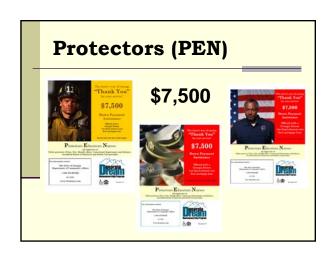
Second Mortgage Programs

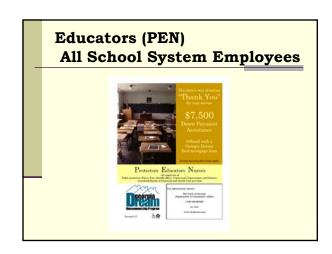


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SINGLE FAMILY DEVELOPMENT Advances from controlled units the quest investment program \$700 - DOLINE

Chapter Four Seller Guide







Nurses (PEN) All Healthcare Employees

CHOICE

To assist households with individuals who are living with a disability achieve the dream of homeownership!

Signature Communities \$7,500



Employees of a city and/or a county government designated as a DCA Signature Community (2 year period of designation)



2007 Barnesville Miller County- Colquitt Dublin Butts County - Flovilla Holly Springs

Rome Stephens County – Toccoa

2008

Calhoun
Fayetteville
Wilkinson County (Allentown,
Danville, Gordon, Irwinton, Ivey
McIntyre, Toomsboro)

Wayne County Barnesville Jesup Valdosta-Remerton

Single Family Development

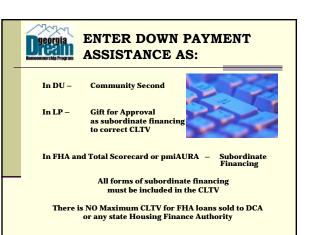




Encourages development of affordable housing

Gap funding to developers of up to \$20,000

Down payment assistance to borrowers of up to \$20,000



Home Buyer Education Provided by Georgia Dream Homeownership partners across the state. Pre & post purchase credit and debt management counseling. No cost to home buyer! Required for Second Mortgage Loan Program applicants.



Georgia Dream NSP Down Payment Program

TEMPORARY DOWN PAYMENT PROGRAM EFFECTIVE APRIL 1, 2009 TO JUNE 1, 2010

- NSP= Neighborhood Stabilization Program
- Funds received as part of the Housing and Economic Recovery Act of 2008
- Down Payment Assistance of \$14,000 for the purchase of FORECLOSED PROPERTIES ONLY
- 0% Interest, No monthly payments, lien released 20% the first 18 months and 20% at the end of each 12 months thereafter. No repayment after 5 ½ years.

Neighborhood Stabilization Program



- Used in conjunction with a Georgia Dream first mortgage loan or a Georgia Dream participating lenders first mortgage loan (FHA or
- Home must be located in a county designated as an area of greatest need – see map
- Must be a foreclosed property currently titled to: HUD, Fannie Mae, Freddie Mac, VA or other governmental entity, Bank or non-profit
- Must be the primary residence of the borrower
- For Rehab and Down Payment CANNOT be used for pre-paids or closing costs
- Household Income must be less than 120% of Area Median

Neighborhood Stabilization Program



Loan Guidelines:

- > Sales price must be 1% less than Fair Market Value verified by an appraisal
- > First mortgage loan interest rate and fees are limited
- Must be the primary residence of the borrower
- Property must be inspected by a Certified HQS Inspector prior to the FHA loan appraisal

For complete Information refer to the NSP Manual or Chapter 5 of the Georgia Dream Seller Guide or our NSP Web Page at www.dcaloans.com

> Housing Choice Voucher Homeownership Program



The choice is yours!

Housing Choice Voucher Homeownership Program (HCV)

In July 2008 the Georgia Department of Community Affairs announced the new Housing Choice Voucher Homeownership Program. (HCV/HO)

Who Qualifies?

- DCA voucher program participants in good standing, who:
 Have received rental assistance for at least two years

- Have been employed full-time for at least two years
 Have been employed full-time for at least the past twelve months earning at least minimum wage times 2000 hours
 Have never owned a home or have not owned a home in the past three years
- Have approvable credit, or are willing to take measures to restore damaged credit

HCV - continued

Periodically voucher holders who meet the guidelines will be notified by DCA that they are eligible to participate in the HCV

Interested voucher holders should sign and return the "Statement of Interest" form Included with the letter to begin the HCV/HO process.

Then it is up to the Voucher Holder!

- 1. A copy of the credit report and a list of DCA Housing Counseling Agencies will be mailed
- 2. The client should choose a Counselor from the list and take the credit report and the DCA letter to the Counselor to begin pre-purchase counseling.
- 3. The Counselor will work with the client to correct errors on the credit report, negotiate payment options on past due accounts, and improve the credit score, if needed. They will also enroll the client in home buyer education and issue a Certificate of Completion

Georgia Dream Seller Guide



Provides participating lenders with the information needed to originate, process, underwrite, close and fund Georgia Dream loans.

The complete Seller Guide will not be reviewed in this training. Adherence to the guidelines will be the responsibility of the lender.

The Seller Guide is available at www.dcaloans.com

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Useful for locating information quickly

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- 303 Georgia Dream Second Mortgage loans 304 Eligible Applicants 305 Household Annual Income 307 & 308 Bank Statements and Deposit Stubs
- 309-310-311 Eligible Property Property Standards Appraisals Worksheets
- Checklists
- Appendices Forms

Chapter One

Basically covers the DCA – Lender Relationship and would have been reviewed by management prior to the application to become a participating lender.

Outlines basic lender duties and responsibilities in the origination, funding and transfer of Georgia Dream loans.

Most of the information needed for loan processing will be found in sections Two and Three.

The Loan Process



- Provide borrower with Georgia Dream brochure
- Refer borrower to Home Buyer Education
- Submit loan through regular internal guidelines and process
- Obtain appraisal
- Reserve the loan on Lender on Line print the Reservation Accepted screen and required Georgia Dream documents
- Complete credit and compliance underwriting
- Submit the Underwriting Package to DCA for compliance underwriting

Underwriting

The credit decision is made by your company or your contracted underwriting company based on the mortgage product and the MI guidelines.

(Seller Guide 207)

Automated Underwriting

DCA will accept an Underwriting Package that has received a credit recommendation of:

"Accept" from Loan Prospector (LP)
"Approve" or "EA1" from Desktop Underwriter –
Minimum credit score for EA1 is 660.

DCA also accepts automated credit recommendations from FHA Total Scorecard and PMI-AURA

Maximum housing ratio for automated approvals is 40%

Maximum debt to income ratio is 45%

Minimum Credit Score

All manual and automated underwritten FHA, VA and USDA/RD loans must have a low middle FICO credit score of at least 620.

Applicants with no credit scores that meet FHA's non-traditional credit policy as outlined in the HUD4155.1 Rev-5 will continue to be accepted as meeting the minimum credit score requirement.

Manual Underwriting

- Conventional loans requiring a manual review must also have a minimum credit score of 660
- Credit other than "EA1" must be manually underwritten and approved by your underwriter.
- Conventional Home Possible Loans must receive "Accept". Manual reviews of these loans are not eligible.
- All manually underwritten conventional loans must meet the requirements of Fannie Mae's My Community Mortgage manual UW guidelines. The total DTI must not exceed 45%.
- FHA loans must comply with the manual underwriting requirements in HUD 4155.2 and the expense ratio may not exceed 40% and the total Debt to Income may not exceed 45%.
- VA loans must comply with the VA handbook.

Mortgage Insurance

Loans must be insured by FHA, or guaranteed by VA or USDA.

Private Mortgage Insurance:

As of January 1,2009 there are no Mortgage Insurance Companies rated at least AA and therefore no mortgage insurance companies eligible to insure Georgia Bond Loans. Therefore conventional loans qualify only if the LTV is less than 80%.

www.dcaloans.com

- •Access the seller guide
- •Register the loan
- •Print required DCA forms
- •Locate additional information
- •Locate Home Buyer Education providers



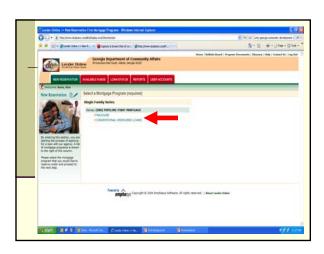




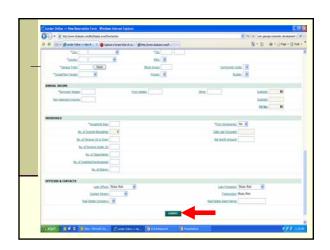




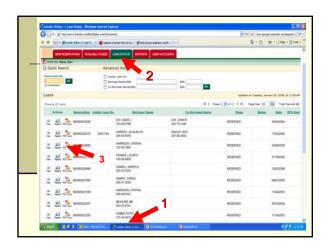




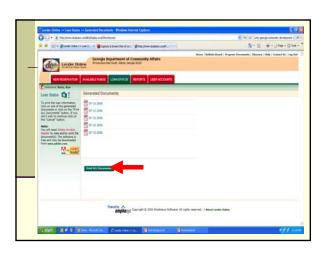












Required DCA Forms

Form SF10 - Loan Application Profile - #1

DCA underwriting will communicate with the underwriter or the person designated on our form SF10 as the "Person to Receive Underwriting Decision" (Seller Guide 207.11)

Household Income Worksheet - #4 (Seller guide 305)

Form SF12 - Application Affidavit - #5

Form SF15 - Affidavit of Adult Non-Applicant -#8

Form SF 16 - Acquisition Cost Certification - #7

Form SF72 – If second mortgage utilized - # 8



Required DCA Forms for NSP

Form NSP 10 - Loan Application Profile - #1

DCA underwriting will communicate with the underwriter or the person designated on our form SF10 as the
"Person to Receive Underwriting Decision" (Seller Guide 207.11)

Household Income Worksheet - #4 (Seller guide 305)

Form NSP12 - Application Affidavit

Form SF15 - Affidavit of Adult Non-Applicant

NSP Loan Agreement

Form NSP72 - Addendum to the contract



DCA Submission Package Checklist

Shipping Address

Attn: Stephanie Hatton

Instructions for packaging Seller Guide 207.6



Underwriting Package Checklist

There is a different Checklist for NSP- but some things are the same

Acco-Fasten COPIES in order

- #1 SF 10
- #2 Reservation Accepted form
- #3 Cover letter from processor or underwriter
- #4 Household Income Worksheet
- #5 SF 12
- \blacksquare #6 SF 15 if applicable
- #7 SF 16
- #8 SF 72 if down payment assistance used
- #9 Final 1003
- $\hfill\blacksquare\hfill$ #10 Underwriter approval whichever applicable
- #11 Internal underwriting approval with conditions

Underwriting Checklist (cont)

- #12 Scratch Application
- #13 Good Faith Estimate
- \blacksquare #14 Signed Borrower's Authorization Form
- #15 − Buydown Schedule − (Seller Guide 302.8 − Appendix IV)
- #16 Credit Report

 Dated within 120 days

 of the underwriting decision



Underwriting Checklist (cont)

- #17 Verbal VOE or LP or DU requirements (Seller Guide 305.4)
- \blacksquare #18 Verification of income dated within 45 days
 - of the underwriting decision
 - * Pay stub with year to date earnings
 - * Social Security letter child support verification
 - * Other
- #19 Bank Statement dated within 45 days of the underwriting decision with an Explanation for deposits over \$300 over 1010 language - REQUIRED
- #20 − Rental Verification if manual review

#21 – 3 years Federal Tax Returns and most recent W2's Signed copies signed by borrower(s) or computer print outs or IRS Telefile Tax Record OR IRS Letter 1722 If not required to file: Applicant may complete DCA Tax Affidavit Form SF6012 Notes: Reference to home mortgage interest or deduction for real estate taxes Does number of dependents match application

#22 – Sales Contract with all applicable addenda



SIGNED BY ALL PARTIES

23 - APPRAISAL

Complete appraisal with all attachments including legible photographs (Can be emailed)

 $\label{thm:must} \mbox{Must be an FHA approved appraiser if down payment assistance is utilized even with conventional loans.}$

 $"Property\ meets\ HUD\ minimum\ property\ standards"$

Include Collateral Inspection Form SF200 if new construction with no C.O. and DPA utilized.

If USDA loan and no C.O. Plan Certification - #28

Balance of Checklist

- #25 FEMA Flood Certification
- #26 Home Buyer Education Certificate
- #27 All documents required by the Automated underwriting system, the mortgage insurer and the lenders underwriter.
- #29 Support documentation for Georgia Dream Second Mortgage Loans – (Chapter Four)

Other things to know

- 302.9 Subordinate Financing Sometimes we allow approved public and private down payment programs to layer assistance. For example: Dream Cities, CHIP, CDBG (Layering is NOT Allowed with the NSP Program)
- 302.10 Loan Amount Must not differ more than \$1000 from the Underwriting Approval Letter
- 302.11 Determining the Down Payment based on the program and MI company guidelines

CLOSING PACKAGE CHECKLIST

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Remember to include Any items listed "AT CLOSING" on The DCA underwriting Approval letter in your closing documents and return to DCA in the purchase package!

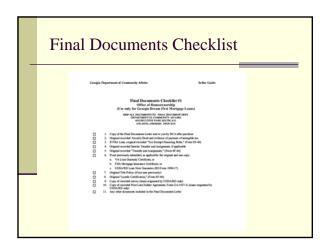
Checklist page 2 Georgia Department of Community Affairs Suffer Golds Closing Checklist (Documents is used to Checklist (Documents Addressing)) ** This document made is monthed after the Checklist Document (Documents is used to Checklist is used to Che

Closing Costs 312.11 Georgia Dream 2nd Loan Closing and Purchase DCA will pay a origination fee of 1% of the principal PLUS \$100 – these amounts are NOT to be included on the HUD ONE! NSP LOAN – DCA will pay \$900 when purchasing the second of \$14,000 313 Georgia Dream First Mortgage On HUD ONE INCLUDE: Actual amount of all 3rd party fees – see list 1% Origination Maximum of \$600 in processing fees Applicant must contribute \$500 if 2nd mortgage is utilized 313.5 - Cash Out at closing? Only one HUD 1 – even if first and second mortgage Collect filing fees for 10 page deed for 2nd mortgage – Intangible tax for 2nd mortgage

Loan Assumption Recapture Tax 314 – Loan can be assumed per guidelines 316 – Recapture Tax (Not always applicable)







Save yourself time and frustration!

Each mortgage bank has its own internal requirements and procedures.

Before you attempt to complete a Georgia
Dream loan, contact your company's
underwriting and processing team for
complete procedures and to
obtain a password to the Georgia Dream
Lender on Line system.

Why Georgia Dream?



To date over 83,000
Georgia families
have achieved the
dream of homeownership
through the
Georgia Dream
Homeownership Program!



Fulfilling Homeownership Dreams!